



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

February 14, 2005

H.R. 310 **Broadcast Decency Enforcement Act of 2005**

*As ordered reported by the House Committee on Energy and Commerce
on February 9, 2005*

H.R. 310 would increase the maximum civil penalty for broadcasting obscene, indecent, or profane material. (Such penalties are recorded in the budget as revenues.) Under the bill, CBO estimates that revenues resulting from those penalties would increase by less than \$500,000 in 2005 and by around \$10 million over the 2006-2015 period. CBO estimates that implementing H.R. 310 would not have a significant effect on spending subject to appropriation and would not affect direct spending.

H.R. 310 would increase the monetary penalties assessed by the Federal Communications Commission (FCC) for broadcasting obscene, indecent, or profane material. For broadcast licensees, the maximum penalty for each violation would increase from about \$25,000 to \$500,000. The maximum penalty for individuals would increase from about \$10,000 to \$500,000. According to the FCC, prior assessments for each violation have been around \$50,000 per year recently—however, annual collections have varied widely. For example, the FCC did not collect any penalties for indecency violations in 2003, collected \$2.5 million in 2004, and has not collected any penalties in the first four months of 2005.

CBO estimates that under H.R. 310, collections of penalties for broadcasting obscene, indecent, or profane material would increase by less than \$500,000 in 2005 and by around \$1 million per year over the 2006-2015 period. The increase in collections could be much higher or lower considering that the number of penalties varies widely from year to year.

H.R. 310 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act and would be unlikely to impose costs on state, local, and tribal governments.

The CBO contact for this estimate is Melissa E. Zimmerman. This estimate was approved by Peter H. Fontaine, Deputy Assistant Director for Budget Analysis.